LGST-213-001: LEGAL ASPECTS OF ENTREPRENEURSHIP

COURSE SYLLABUS SPRING 2018, E. Carolyn Hochstadter, Esquire
THE WHARTON SCHOOL LEGAL STUDIES & BUSINESS ETHICS DEPARTMENT

Wharton Office/Hours: 631 JMHH after class & by appointment; hochstad@wharton.upenn.edu; 609.315.2787
Class Hours/Location: Tuesday/Thursday 10:30 a.m.-11:50 p.m. JMHH F94

Course Description: This practical course examines the critical legal issues confronting entrepreneurs with a focus on innovation. Students will learn to use the law to capture and create value, while spotting legal issues and working efficiently with a lawyer to manage risk. The course covers the entire lifecycle of a business and addresses cutting edge topics such as robo advisor and cryptocurrency regulation, international transactions, private public partnerships, forced arbitration, fintech, cybersecurity and privacy, as well as the basic start-up topics of protection and licensing of intellectual property – patents, trade secrets, copyrights and trademarks, drafting of non-competition, invention assignment and confidentiality agreements, strategizing as to the tax benefits of LLCs vs. Corporations, raising capital through crowdfunding, angel and venture capital financing, effecting merger and acquisition synergies, hiring talent, handling harassment and discrimination issues, and navigating creditors and bankruptcy. Students will read cases, draft term sheets and engage in mock litigation.

Testimonial Spring 2017!
“Since graduation, I’ve been working in commercial banking. LGST 213 set me up well in my role - knowing the key differences between all the business forms, Chapter 7 vs. Chapter 11 bankruptcy, and obviously all the loan terminology comes up on a daily basis. I’m really glad I took your class!” – Sean Bivins, W ‘17

The course fulfills elective requirements for 6 Concentrations, Majors or Minors:
- Wharton Legal Studies and Business Ethics
- Wharton Entrepreneurship and Innovation/Management
- Wharton Social Impact and Responsibility
- SAS Legal Studies Minor
- SAS Science, Technology and Society Major with permission
- Engineering Entrepreneurship Minor with permission

Course Materials:
(1) Bagley & Dauchy, The Entrepreneur’s Guide to Law and Strategy (5th ed. 2018) and
(2) Materials posted on canvas.
- Readings & Assignments may be subject to change. Please check canvas.
- Assignments: must be typewritten and timely. Please submit both hard copy in class & post on canvas.

Class Preparation and Participation are mandatory, and will be graded.

Class Attendance is not mandatory, but attendance will enhance your grade.

Blogs: Response to a prompt posted in the canvas Discussions folder, graded & due Sundays at 11:59 pm.

Exams: 1) in-class mid-term examination & 2) final examination. No books or notes. No exceptions permitted.

Grading: Grading will be broken down as noted below and posted in the Grading folder on canvas.
- Exams: midterm (30%); final (30%); Assignments: 25%; Class Participation & Weekly Blog: 15%
- Extra Credit: Class Attendance & Research project of student’s choice/interest

Lunch with Professor: I look forward to having lunch with you! There are 2 options:
- 3-7 students sign up on the canvas Appointments Calendar & we go anywhere we please, or
- 1-2 students invite me out, and we go to a designated prepaid place
CLASS 1: INTRODUCTION; OVERVIEW OF BUSINESS LAW AND ENTREPRENEURSHIP ISSUES
Readings: Bagley, Preface; Materials on canvas

CLASS 2: U.S. LEGAL SYSTEM I: U.S. COURT SYSTEM; SUBJECT MATTER JURISDICTION; LIFECYCLE OF A LAWSUIT; HOW TO BRIEF A LEGAL CASE
Readings: Bagley Chapter 1; Materials on canvas

CLASS 3: U.S. LEGAL SYSTEM II: PERSONAL JURISDICTION OF COURTS
Readings: Bagley Chapter 10, pp. 287-91; Materials on canvas
Assignment: Written Brief of Vetrotex case

CLASS 4: U.S. LEGAL SYSTEM III: ALTERNATIVE DISPUTE RESOLUTION
Readings: Bagley Chapters 8 & 9 – pages posted on canvas; Materials on canvas
In-Class: Role Play Apple customer invoking 1-year warranty v. 15-day return policy

CLASS 5: THE COMMON LAW, UCC & BUSINESS RISKS I: MANAGING RISKS WITH CONTRACTS
Readings: Bagley Chapters 9 & 10 – pages posted on canvas; Materials on canvas
In-Class: Role Play Apple customer invoking 1-year warranty v. 15-day return policy

CLASS 6: THE COMMON LAW, UCC AND BUSINESS RISKS II: MANAGING “BUSINESS TORTS”
Readings: Bagley Chapters 8, 10 & 11 – pages posted on canvas; Materials on canvas

CLASS 7: DUTIES TO EMPLOYER I: COMMON LAW, NON-COMPETE & RESTRICTIVE COVENANTS
Readings: Bagley Chapters 2 & 14 – pages posted on canvas; Materials on canvas

CLASS 8: DUTIES TO EMPLOYER II: RESTRICTIVE COVENANTS AND INSURANCE
Readings: Bagley Chapters 3 & 11 – pages posted on canvas; Materials on canvas
Assignment: Draft & bring to class Restrictive Covenants based on posted hypothetical

CLASS 9: CHOICE OF BUSINESS FORM I: SOLE PROPRIETORSHIPS, PARTNERSHIPS & TAX ISSUES
Readings: Bagley Chapter 4; Materials on canvas
Assignment: Written Risk Management Policy for a business

CLASS 10: CHOICE OF BUSINESS FORM II: CORPORATIONS, LLCS & TAX ISSUES
Readings: Choice of Business Form II Materials on canvas

CLASS 11: LAUNCHING THE BUSINESS: CORPORATE GOVERNANCE & TAX ISSUES
Readings: Bagley Chapters 5 & 6 – pages posted on canvas; Materials on canvas

CLASS 12: CROSS BORDER TRANSACTIONS: GOING GLOBAL & AFFILIATING ABROAD
Readings: Bagley Chapters 10 & 12 – pages posted on canvas; Materials on canvas

CLASS 13: MID-TERM EXAMINATION THROUGH CLASS 12 (IN CLASS) NO EXCEPTIONS

CLASS 14: FINANCING A BUSINESS I: CREDITOR RIGHTS AND DUTIES
Readings: Bagley Chapters 7 & 12 – pages posted on canvas; Materials on canvas
Assignment: Prepare 6-word description or limerick of 1 case holding for class recitation 🎉

CLASS 15: FINANCING A BUSINESS II: BANKRUPTCY
Readings: Bagley Chapter 12, pp. 414-37; Materials on canvas

CLASS 16: FINANCING A BUSINESS IIA: SECURITIES LAW I
Readings: Bagley Chapters 7 & 16 – pages posted on canvas; Materials on canvas
CLASS 17:  FINANCING A BUSINESS IIB: SECURITIES LAW II  
Readings: Bagley, Chapter 17; Financing a Business Materials IIB on canvas  
Assignment: Written plan of liquidation or reorganization for a distressed business

CLASS 18:  FINANCING A BUSINESS IIIA: VENTURE CAPITAL AND PRIVATE EQUITY I (GUEST LECTURER)  
Readings: Bagley Chapter 13; Materials on canvas

CLASS 19:  FINANCING A BUSINESS IIIB: VENTURE CAPITAL AND PRIVATE EQUITY II  
Readings: Financing a Business Materials IIIB on canvas  
In-Class: Present various deal term provisions of VC term sheet

CLASS 20:  BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS I  
Readings: Bagley Chapter 16; Materials on canvas

CLASS 21:  BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS II (GUEST LECTURER)  
Readings: Buying or Selling a Business Materials on canvas

CLASS 22:  CYBER SECURITY AND PRIVACY (GUEST LECTURER)  
Readings: Cybersecurity Materials on canvas

CLASS 23:  VENTURE CAPITAL/PRIVATE EQUITY (GUEST LECTURER)  
Assignment: Written outline of a business plan

CLASS 24:  EMPLOYMENT LAW I: EMPLOYEES; “AT WILL”; INDEPENDENT CONTRACTORS  
Readings: Bagley Chapter 8, pp. 193-247; Materials on canvas

CLASS 25:  EMPLOYMENT LAW II: DISCRIMINATION; HARASSMENT; BENEFITS, POLICIES, SEVERANCE  
Readings: Employment Law II Materials on canvas

CLASS 26:  INTELLECTUAL PROPERTY LAW I: COPYRIGHT  
Readings: Bagley Chapter 14 – pages posted on canvas; Materials on canvas

CLASS 27:  INTELLECTUAL PROPERTY LAW II: PATENT AND TRADEMARK (GUEST LECTURER)  
Readings: Bagley Chapter 14 – pages posted on canvas; Materials on canvas

CLASS 28:  EXTRA-CREDIT PRESENTATIONS